

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
in the 2000/2001 Revenue Adjustment  
Proceeding.

Application 01-06-003  
(Filed July 5, 2001)

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER  
AND ADMINISTRATIVE LAW JUDGE**

**1. Summary**

This ruling sets forth the procedural schedule, assigns a principal hearing officer, specifies the time and manner for requesting oral argument, and addresses the scope of the proceeding. This ruling follows a prehearing conference (PHC) held on October 22, 2001, pursuant to Rules 6(a) and 6.3 of the Commission's Rules of Practice and Procedure (Rules).

The schedule we set below is consistent with Section 13 of Senate Bill (SB) 960 (Ch.96-0856), which urges the Commission to complete applications such as this within 18 months of their filing.

**2. Background**

In Decision (D.) 97-10-057, the Commission established the Transition Revenue Account (TRA) and the revenue adjustment proceeding (RAP). The RAP verifies, and adjusts as necessary, entries made to the TRA in the prior period. In addition, the RAP consolidates the revenue requirements approved in other proceedings and sets the unbundled rate components for an electric utility.

The Commission has twice previously resolved such proceedings. D.99-06-058 resolved the 1998 RAP. D.01-01-019 resolved the 1999 RAP.

The focus of this RAP is the adjustment, verification, and consolidation of Commission-approved costs and revenues in Pacific Gas and Electric's (PG&E) TRA for the period July 1, 1999 through April 30, 2001. The goal is to ensure that PG&E accurately calculates the amount of revenues available to transfer to the Transition Cost Balancing Account (TBCA) to offset transition costs.

The current 2000/2001 RAP commenced on June 1, 2001, when PG&E filed Application (A.) 01-06-003 on June 1, 2001. Like previous RAPs, A.01-06-003 seeks to resolve a series of issues pertaining to utility operations, entries into the TRA and other regulatory accounts and rate design.

On June 28, 2001, the Commission issued Resolution ALJ-176-3066, which, among other things, preliminarily determined that this proceeding should be categorized as ratesetting and that a hearing would prove necessary. Commissioner Brown and Administrative Law Judge (ALJ) Sullivan were assigned to the proceeding.

On July 5, 2001, the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) filed protests to PG&E's application. ORA, among other things, proposed a consolidation of PG&E's application with that of Southern California Edison Company (Edison).

The issues in Edison's application, however, differed greatly from those contained in PG&E's RAP application.

PG&E, Edison, and ORA filed prehearing conference (PHC) statements on Friday, October 19, 2001 as a prelude to a joint PHC addressing both PG&E's and Edison's RAP applications.

On October 22, 2001, the Commission held a joint PHC to determine the next steps in these two proceedings. Discussions focused on whether to consolidate these proceedings, the scope of issues covered in the two applications, and the development of timelines for the proceedings. After extensive discussions at the PHC concerning the scope of issues in PG&E's and Edison's RAP applications, ORA withdrew its request to consolidate the proceedings. In the absence of any objections, ALJ Sullivan ruled that the Commission would consider the RAP applications of PG&E and Edison separately.

Subsequently in the PHC, PG&E embraced the procedural timeline proposed by ORA for resolving the issues in PG&E's RAP application. In addition, the PHC developed a service list for this proceeding and recorded formal appearances. Discussions also focused on the information needed to develop a scoping memo and a plan for managing A.01-06-003.

### **3. Scope of Proceeding**

In A.01-06-003, PG&E states that the principal issues to be considered in this Application involve Commission approval of:

- “(1) PG&E's entries to the TRA during the record period July 1, 1999 through April 30, 2001;
- (2) the reasonableness of PG&E's special electric contracts;
- (3) PG&E's proposal on the elimination and retention of certain balancing and memorandum accounts;
- (4) PG&E's proposals for revenue requirement adjustments;
- (5) PG&E's electric sales and billings forecast for 2002;
- (6) PG&E's proposals for revenue allocation and rate design;
- (7) PG&E's Schedule Power Exchange price calculations and methodology;

- (8) PG&E's entries to the Electric Vehicle Balancing Account; and also
- (9) PG&E's entries to the Schedule E-BID Memorandum Account and Power Exchange Block Forward Memorandum Account.

ORA filed a protest to the application requesting adequate time and opportunity to review PG&E's testimony and workpapers and to submit testimony if necessary. ORA, however, voiced no specific objections to PG&E's proposed scope of the proceeding.

TURN filed a protest that stated that it wished to develop a better understanding of PG&E's scheduling and dispatch practices to determine their reasonableness.

In its Reply, PG&E addresses TURN's protest. PG&E notes that the Commission ruled on May 14, 1998 that reasonableness reviews fall outside the RAP, although the results of these reviews are subsequently recorded in the RAP. Second, PG&E notes that D.00-02-048 adopted a settlement agreement, which sets forth certain findings on the reasonableness of certain cost categories, including those questioned in TURN's protest. Finally, PG&E notes that costs associated with generation facilities are recorded in the TCBA accounts, which are reviewed in the Annual Transition Cost Proceeding.

We find PG&E's response to TURN's protest persuasive. It is clear that the issues identified by TURN are either already decided or have other forums for their resolution. We therefore set the scope of the proceeding as proposed by PG&E.

#### **4. Discovery**

Parties did not discuss specific discovery issues in the PHC. Consequently, we will adopt traditional discovery procedures, with discovery

starting immediately and extending to five days before the start of evidentiary hearings.

Parties may make reasonable discovery requests and recipients should strive to comply with them, both in a timely fashion. Any discovery disputes which the parties cannot resolve between themselves, after good faith efforts to meet and confer, may be brought to ALJ Sullivan, who may rule himself or refer the dispute to the Commission's Law and Motion ALJ. The Commission generally looks to the Code of Civil Procedure for guidance in resolving discovery disputes.

## **5. Schedule**

At the PHC, PG&E endorsed in principle the schedule proposed by ORA. A discussion ensued to ensure the practicality of specific dates. No party voiced any opposition to the dates that emerged from the discussion. We therefore adopt the schedule as proposed for testimony, evidentiary hearings and draft decision, and amend the schedule to include discovery and briefing dates. This results in the event table immediately below.

<b>Event</b>	<b>Date</b>
Applications Filed	June 1, 2001
Prehearing Conference; Discovery Commences	October 21, 2001
Notices of Intent to Claim Compensation Due	November 21, 2001
ORA & Parties Serve Testimony	November 28, 2001
Rebuttal Testimony Served	December 21, 2001
End of Discovery	January 9, 2002
Evidentiary Hearings	January 14 – January 18, 2002
Closing Argument before Assigned Commissioner	February 15, 2002 at 10:00 a.m., Commission Courtroom, State Office Building, 505 Van Ness

	Avenue, San Francisco, California
Concurrent Opening Briefs Filed (including any request for oral argument before the Commission)	February 18, 2002
Concurrent Reply Briefs Filed and Projected Submission Date	March 4, 2002
Proposed Decision Issues	April 15, 2002
Final Commission Decision	May 15, 2002

The evidentiary hearings will commence at 10:00 a.m. in San Francisco on January 14, 2002. The parties may make short opening remarks at the opening of the evidentiary hearing, focusing on the critical facts that the upcoming testimony will demonstrate. Prepared written testimony shall be served on parties, but not filed. The parties will have the opportunity to address legal and policy issues in briefs.

Resolution of the issues within the scope of this proceeding will not exceed 18 months from the date of the filing of the application, pursuant to SB 960, Section 13.

#### **6. Category of Proceeding, Need for Hearings, and *Ex Parte* Rules**

This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3066, filed on June 28, 2001, that the category for this proceeding is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4. The *ex parte* rules as set forth in Rule 7(c) of the Rules apply to this proceeding.

#### **7. Principal Hearing Officer and Final Oral Argument**

Pursuant to Public Utilities Code Section 1701.3, ALJ Sullivan is designated as the principal hearing officer in this application.

As stated in the schedule above, and pursuant to Rule 8(d), parties requesting final oral argument before the Commission should include that request in their concurrent brief, filed after hearing.

#### **8. Service List and Electronic Distribution of Pleadings**

The current service list for this proceeding, as consolidated, is attached to this ruling as Appendix A. A current service list for this proceeding is also available on the Commission's web page, [www.cpuc.ca.gov](http://www.cpuc.ca.gov). Choose "Proceedings" and then "Service Lists" on the "Quick Links" bars. The service list for this proceeding can be located in the "Index of Service Lists" by scrolling to the application number.

In addition to the required service (per Rule 2.3), all parties are encouraged to distribute all pleadings and testimony in electronic form to those parties that provided an electronic mail address to the Commission. In addition, testimony must be served in a paper format to avoid differences in pagination that can complicate the cross-examination of witnesses. The electronic addresses of all parties to the proceeding can be found in the comma-delimited service list file. Choose the application number and click on "Download Comma-delimited File."

#### **9. Meet and Confer Preceding Evidentiary Hearing**

No later than noon on January 10, 2002 the parties are to meet by phone or otherwise and confer to discuss the following:

1. Issues to be addressed in the hearing, and specifically, whether any issues have been narrowed or amended since the filing of the complaint;
2. Proposed witness schedule;
3. Cross-examination time estimates;
4. Witness constraints, scheduling problems, travel concerns, etc., if any;

5. Exhibit Lists. Each party is to exchange its exhibit list with the other party participating in the hearing. Each exhibit list shall contain the name of the offering party and/or sponsoring witness. The exhibit list for the hearing should also include the nature of any objection to admission of an exhibit by any part or the statement of "no objection."

All exhibits shall be pre-marked for identification. PG&E will use 1-99; Office of Ratepayer Advocates, 100-199. Other parties preparing exhibits should call ALJ Sullivan to request an assignment of numbers. Further requirements with respect to exhibits are set forth in Appendix B.

Following the meet and confer, PG&E shall prepare a filing summarizing the above information. This should be e-mailed to ALJ Sullivan at [tjs@cpuc.ca.gov](mailto:tjs@cpuc.ca.gov) by the close of business on January 10, 2002. Parties shall sign and make the filing by January 11, 2002.

#### **10. Intervenor Compensation**

The PHC in this matter was held October 21, 2001. Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation shall file and serve a notice of intent to claim compensation not later than November 20, 2001.

#### **IT IS RULED** that:

1. The scope of this proceeding is set forth in Section 3 of this ruling.
2. The schedule of this proceeding is set forth in Section 5 of this ruling.
3. This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3066, filed on June 28, 2001, that the category for this proceeding is ratesetting and that hearings are necessary. This ruling, only as to category, is appealable under the procedures in Rule 6.4.
4. The *ex parte* rules as set forth in Rule 7(c) of the Commission's Rules of Practice and Procedure apply to this application.



5. Administrative Law Judge Sullivan is the principal hearing officer in this application.

6. The official service list is attached to this ruling as Appendix A. Parties should serve all filings on parties listed on the service list, including those identified as "State Service." Parties are not required to serve those individuals listed under "Information Only." In addition, parties are encouraged to distribute all pleadings and testimony in electronic form to those parties that provided an electronic mail address to the Commission consistent with the procedures discussed at the prehearing conference.

7. Appendix B contains directions concerning the preparation and identification of exhibits. Parties shall follow these directions.

8. Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation shall file and serve a notice of intent to claim compensation not later than November 20, 2001.

Dated November 2, 2001, at San Francisco, California.

/s/ GEOFFREY F. BROWN

Geoffrey F. Brown  
Commissioner

/s/ TIMOTHY J. SULLIVAN

Timothy J. Sullivan  
Administrative Law Judge

## Appendix A Service List

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## Appendix B

### EXHIBITS

#### *Service of Exhibits*

All prepared written testimony shall be served on all appearances and state service on the service list, as well as on the Assigned Commissioner's office and on the Assigned ALJ. Do NOT file prepared written testimony with the Commission's Docket Office. (Such testimony becomes part of the record only after it is admitted into evidence.)

#### *Identification of Exhibits in the Hearing Room*

Each party sponsoring an exhibit shall, in the hearing room, provide **two copies to the ALJ and one to the court reporter**, and have at least 5 copies available for distribution to parties present in the hearing room. **The upper right hand corner of the exhibit cover sheet shall be blank for the ALJ's exhibit stamp.** Please note that this directive applies to cross-examination exhibits as well. If there is not sufficient room in the upper right hand corner for an exhibit stamp, please prepare a cover sheet for the cross-examination exhibit.

#### *Cross-examination With Exhibits*

As a general rule, if a party intends to introduce an exhibit in the course of cross-examination, the party should provide a copy of the exhibit to the witness and the witness' counsel before the witness takes the stand on the day the exhibit is to be introduced. Generally, a party is not required to give the witness an advance copy of the document if it is to be used for purposes of impeachment or to obtain the witness' spontaneous reaction. An exception might exist if parties have otherwise agreed to prior disclosure, such as in the case of confidential documents.

#### *Corrections to Exhibits*

Generally, corrections to an exhibit should be made in advance and not orally from the witness stand. Corrections should be made in a timely manner by providing new exhibit pages on which corrections appear. The original text to be deleted should be lined out with the substitute or added text shown above or inserted. Each correction page should be marked with the word "revised" and the revision date.

Exhibit corrections will receive the same number as the original exhibit plus a letter to identify the correction. Corrections of exhibits with multiple sponsors will also be identified by chapter number. For example, Exhibit 5-3-B is the second correction made to Chapter 3 of Exhibit 5.

**(End of Appendix B)**

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge on all parties of record in this proceeding or their attorneys of record.

Dated November 2, 2001, at San Francisco, California.

/s/ JACQUELINE GORZUCH  
Jacqueline Gorzoch

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.

